THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) to (d). The information is being collected and will be laid on the Table of House.

Loans to Cooperative Spinning Mills

1170. SHRI BANWARI LAL PUROHIT : Will the Minister of FINANCE be pleased to state :

(a) whether the Government of Maharashtra has urged the Union Government to sanction long term loan to cooperative spinning mills of the State.

(b) if so, the details of the spinning mills for which long term loan has been sought by the State Government, and

(c) the reaction of the Union Government thereon?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) Government of Maharashtra has written to Government of India for processing of applications by the financial institutions (FIs) received by them from co-operative spinning mills for setting up new grass root spinning mills in the State of Maharashtra

(b) The Industrial Development Bank of India (IDBI) has received 14 applications and Industrial Finance Corporation of India Limited (IFCI) has received 20 applications from the co-operative spinning mills in Maharashtra for setting up of grass root spinning mills. Information with regard to Industrial Credit and Investment Corporation of India Ltd. (ICICI) is not readily available.

(c) IDBI has reported that these applications have been kept in abeyance due to a joint institutional decision that the matter of financing grass root spinning mills could be considered after the institutional overdues in respect of existing assisted co-cooperative spinning mills in Maharashtra are cleared

[Translation]

Demand of Employees of Rural Banks

1171. DR. SATYANARAYAN JATIA
PROF. RASA SINGH RAWAT :

Will the Minister of FINANCE be pleased to state :

(a) the objective setting up of the Regional Rural Banks and the extent to which the objectives are being fulfilled in the present context.

(b) the comparative status of these banks in terms of similarities and dissimilarities with other nationalised banks; and

(c) the major demands put forth by the employees of these banks and the steps taken so far to meet their demands?

THE MINISTER OF FINANCE AND MINISTER OF COMPANY AFFAIRS (SHRI P. CHIDAMBARAM) : (a) Regional Rural Banks (RRBs) were set up with the following objectives :

(i) To take banking services to the door steps of rural masses particularly inhitherto embanked far flung rural areas;

(ii) To make available institutional credit to the weaker sections of the society;

(iii) To mobilise rural savings and channelise them for supporting productive activities in rural areas;

(iv) To create a supplementary channel for flow of credit from the central money market to the rural areas;

(v) To generate employment opportunities in rural areas; and

(vi) To bring down the cost of purveying credit in rural areas.

The deposit mobilised by RRBs stood at about Rs. 11,150 crores as on 31.3.1995 and the outstanding advances stood at Rs.6,290 crores in about 126 lakhs borrowal accounts as on 31.3.1995.

(b) The RRBs are in a class quite apart from the nationalised banks. The differences between RRBs and nationalised banks inter-alia include the following :

RRBs are governed by the RRBs Act, 1976 while the nationalised banks are governed by Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 :

(i) The equity of the RRBs is statutorily required to be subscribed by Government of India, sponsor banks and State Governments in the ratio of 50:35:15; whereas in nationalised banks Government of India is required to subscribe to at least 51% of the equity.

(ii) The area of operation of RRBs is to be notified by the Central Government while the nationalised banks may open branches any where subject to branch licensing policy of the Reserve Bank of India (RBI).

(iii) There are several other differences in operational discipline (like maintenance of Cash Reserve Ratio/Statutory Liquidity Ratio), the clientele catered to and the type of business normally conducted.

(c) The demands raised by the some of Unions/ Associations of employees of RRBs inter-alia includes:

(i) Restructuring of RRBs by setting up National Rural Bank or Zonal Rural Banks; and

(ii) Extension of VIth Bipartite Settlement.